

PROPOSITION 101
OFFICIAL TITLE

HOUSE CONCURRENT RESOLUTION 2022

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, CONSTITUTION OF ARIZONA, BY ADDING SECTION 23; RELATING TO INITIATIVE AND REFERENDUM MEASURES.

TEXT OF PROPOSED AMENDMENT

Be it resolved by the House of Representatives of the State of Arizona, the Senate concurring:

1. Article IX, Constitution of Arizona, is proposed to be amended by adding section 23 as follows if approved by the voters and on proclamation of the Governor:

23. Expenditures required by initiative or referendum; funding source

SECTION 23. A. AN INITIATIVE OR REFERENDUM MEASURE THAT PROPOSES A MANDATORY EXPENDITURE OF STATE REVENUES FOR ANY PURPOSE, ESTABLISHES A FUND FOR ANY SPECIFIC PURPOSE OR ALLOCATES FUNDING FOR ANY SPECIFIC PURPOSE MUST ALSO PROVIDE FOR AN INCREASED SOURCE OF REVENUES SUFFICIENT TO COVER THE ENTIRE IMMEDIATE AND FUTURE COSTS OF THE PROPOSAL.

THE INCREASED REVENUES MAY NOT BE DERIVED FROM THE STATE GENERAL FUND OR REDUCE OR CAUSE A REDUCTION IN GENERAL FUND REVENUES.

B. IF THE IDENTIFIED REVENUE SOURCE PROVIDED PURSUANT TO SUBSECTION A IN ANY FISCAL YEAR FAILS TO FUND THE ENTIRE MANDATED EXPENDITURE FOR THAT FISCAL YEAR, THE LEGISLATURE MAY REDUCE THE EXPENDITURE OF STATE REVENUES FOR THAT PURPOSE IN THAT FISCAL YEAR TO THE AMOUNT OF FUNDING SUPPLIED BY THE IDENTIFIED REVENUE SOURCE.

2. The Secretary of State shall submit this proposition to the voters at the next general election as provided by article XXI, Constitution of Arizona.

ANALYSIS BY LEGISLATIVE COUNCIL

Currently, the Arizona Constitution does not require that an initiative or a referendum include a dedicated funding source for required expenditures.

Proposition 101 would amend the Constitution to require that if an initiative or referendum measure proposes a mandatory expenditure of state revenue, establishes a fund for a specific purpose or allocates funding for a specific purpose, the measure must also designate an increased source of revenues sufficient to cover the entire present and future costs of the measure. The increased revenues cannot come from the state's general fund or cause a reduction in general fund revenues. If the designated revenue source fails to cover the mandated spending in a fiscal year, the Legislature may reduce the expenditure of state revenues to the amount of funding actually supplied by the designated revenue source for that fiscal year.

ARGUMENTS "FOR" PROPOSITION 101

An "unfunded mandate," whether it comes from the Federal Government or from the State's own citizens, has the exact same effect. Money must be taken away from somewhere to finance a new project. If the citizen's demand that the legislature provide a specific benefit then they should also describe what benefits they are currently receiving that should be scaled back or eliminated as well.

A proposal of this nature is long overdue. Under the current measure for funding initiatives and referendums, funding comes from the general fund. As a result, the legislature is being hamstrung by the fact that over ½ of the general fund is being spent on initiatives and referendums. This is the reason that we find the state drowning in a sea of red ink. There is not enough money left to pay for the legitimate business of the state.

Making the process pay for itself and making sure that the public is aware of where the funds for the initiative are coming from is the right direction.

J P Melchionne, Secretary, Yuma Chapter, People for the USA, Yuma

Dale Marler, Vice President, Yuma Chapter, People for the USA, Yuma

Paid for by "Yuma Chapter, People for the USA"

The Arizona Farm Bureau supports proposition 101: We ask our government officials to take fiscal responsibility for their decisions and we should ask the same of voter approved initiatives. Almost two-thirds of what the state of Arizona now spends is beyond the purview of the legislature, and in no small manner, this situation exists through ballot initiatives, passed by voters, where the hard questions of funding were neither asked nor answered. In many instances, the costs of the programs have simply been pushed onto the general fund with no controls. Voters who wish to mandate new programs should understand how they are going to be paid for, and it is very reasonable to require the identification of the new sources of revenue to pay for the new or proposed program. As it is, the problem is pushed to our elected officials, and we create the illusion these things really do not have a price tag. Government does not create money and it costs to deliver its services. We need to slow the disconnect that exists between our demands upon government and the reality of how we cover its costs.

Vote YES on Proposition 101

Kevin Rogers, President, Arizona Farm Bureau, Mesa

Jim Klinker, Chief Administrative Officer, Arizona Farm Bureau, Higley

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The Arizona Chamber of Commerce urges a “yes” vote on Proposition 101.

Proposition 101 requires that a voter-mandated expenditure of taxpayer funds must designate a new source of revenue to cover the costs of the new program or benefit. If the designated revenue source falls short, the new spending can be scaled back to the actual amount raised by the designated funding source.

We agree with the principle that when government decides to create a new program or benefit, it must find a fair and responsible way to pay for the new spending. This common-sense principle should also apply to programs and benefits created through the initiative and referendum process.

Proposition 101 is simple and straightforward. The funding source identified by the people will support the program or benefit passed by the people on the ballot.

Proposition 101 is fiscally responsible and promotes honest initiative and referendum campaigns. That is why the Arizona Chamber of Commerce urges voters to vote “yes” on Proposition 101.

C.A. Howlett, Chairman, Board of Directors, Arizona Chamber of Commerce, Scottsdale

James J. Apperson, President & CEO, Arizona Chamber of Commerce, Scottsdale

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Arizona's state budget problems have been well documented in recent years. For four consecutive years the Legislature has struggled with significant budget deficits. The reasons for those budget deficits are many, including the impact that voter initiatives have had on the demand for limited resources.

Put simply, voter approved initiatives have done considerable damage to the Legislature's ability to do comprehensive budgeting. Too often, voters have passed initiatives creating new programs that place demands on the state general fund far exceeding what was sold to the voters on election day. Even when new funding was identified for a program, the costs have often outpaced the revenue, forcing the Legislature to cut funding for other programs like education, health care, and public safety.

To complicate Arizona's state budgeting challenges, Proposition 105, passed in 1998, strictly limits the power of the Legislature to make changes to initiatives, even to fix unintended consequences.

Make no mistake, the initiative process can be an excellent tool to facilitate a vigorous public debate about spending for new government programs. However, that debate should not be carried out in isolation of the revenues necessary to support that increased spending. Certainly, a more accurate reflection of the public's desire for higher government spending is when they are willing to pay for it.

In addition to promoting sound fiscal policy, Proposition 101 will help protect the programs that currently receive state funding. Funding for education, health care, and public safety should not be turned into lesser priorities through the initiative process.

The Arizona Tax Research Association encourages you to **Vote Yes** on Proposition 101.

Kevin R. Kinsall, Chairman, Arizona Tax Research Association, Phoenix

Kevin J. McCarthy, President, Arizona Tax Research Association, Gilbert

Paid for by “Arizona Tax Research Association”

For the last three years, Arizona has faced a series of budget crises that have threatened our state's fiscal solvency, put working families at risk for tax increases, and jeopardized vital state services like education, public safety, and CPS.

These budget emergencies were not an aberration, but the direct result of Arizona's initiative process, which allows ballot measures to mandate new state spending without requiring an accompanying funding source, forcing the state to fund ballot-approved measures at the expense of other programs.

Proposition 101 would prevent future budget crises and protect Arizona's working families from new taxes by establishing that if an initiative or referendum measure mandates new spending, it must also identify a specific source of revenue to pay for the expenditure.

In other words, existing programs like community colleges and universities will not be put at risk by ballot measures that mandate new spending without a funding source. Taxpayers will also be protected from massive tax hikes that may become necessary if this proposition fails.

The alternative to Proposition 101 is more budget crises and the possibility of future tax hikes or budget cuts.

It's an alternative that most Arizonans want to avoid.

Please support Proposition 101.

Russell K. Pearce, Chairman, Committee on Appropriations, House of Representatives, Mesa

ARGUMENTS “AGAINST” PROPOSITION 101

The League of Women Voters of Arizona opposes this referendum put on the ballot by the Legislature. We believe in the citizens right to initiative guaranteed in the Arizona constitution and this referendum would unduly restrict that right.

This proposition requires that all initiative and referendum measures that require the mandatory expenditure of state funds provide for an increased source of revenue, such as new taxes or new fines, that would cover all immediate and future expenditures for the proposal. These increased funds could not come from the General Fund or reduce General Fund revenues.

It would apply no matter the expenditure required, whether it was simply for the addition of two members to an already established commission or for a new health care initiative. We believe that at the very least this proposition should have included a threshold amount, permitting funds below that amount to come from the General Fund.

We urge a "No" vote on this attempt to limit the people's right to the initiative process.

Gini McGirr, President, League of Women Voters of Arizona, Tucson

Bonnie Saunders, 1st Vice President, League of Women Voters of Arizona, Sun City

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VOTE NO ON PROPOSITION 101

The Arizona Legislature wants you to vote for a proposition that requires any voter-approved measure that expends state funds to provide its own special funding source (tax or fee). They say we have to do this because citizen initiatives have placed two-thirds of state spending beyond the legislature's control and they can't balance the budget.

This is a false argument designed to get you to vote away your constitutional right to make laws equal to the legislature's; a right we have employed responsibly since statehood (92 years). It's true that two-thirds of the budget isn't controlled by the legislature, but not because of citizen lawmaking. It's the result of legislatively imposed education formulas, federal mandates, and lawsuit settlements. Voter-approved spending accounts for no more than 5% of the state's general fund.

So, what have the voters been wasting money on? Health care and education. There have only been two voter-approved programs that spend any significant amount of general fund money, health care for the working poor (Healthy Arizona) and increased classroom education funding (Prop 301). Prop 301 was actually placed on the ballot by the legislature. Yes, this funding requirement applies to measures put on the ballot by the legislature, but not to bills passed by legislature.

Every new voter-approved program will require a new or increased tax or fee and a new special fund, just for that program. You think our tax code is complicated and unfair now? It doesn't matter if the program costs one dollar or a billion dollars, it means a new tax.

We need to stop this power grab by legislators who don't like the decisions made by voters. The Arizona Advocacy Network Foundation (AzAN), a coalition of nonprofit, public interest organizations, asks you to **vote No on Proposition 101**.

Joel Foster, President, Arizona Advocacy Network Foundation, Phoenix

Eric Ehst, Treasurer, Arizona Advocacy Network Foundation, Phoenix

Paid for by "Arizona Advocacy Network Foundation"

Vote no on Legislature's Attempt to Limit Important Constitutional Rights

Proposition 101 says that when an initiative or referendum requires expenditure of revenues (no matter how small and no matter whether or not it is temporary) it must also provide a new funding source. The funding source cannot be the general fund or impact the general fund. This may sound good in theory, but it effectively prohibits the public from directing the Legislature on how to spend any general fund revenues and also limits voters' ability to enact new programs that require perhaps a modest one time expenditure. It would have made it impossible to enact the Heritage Fund, which takes a portion of lottery revenues for parks and wildlife. Even banning cockfighting could require some kind of new tax or fee for any possible additional enforcement costs.

The trend at the Arizona Legislature has been to try and restrict citizens' rights to initiatives and referenda and to undo what the authors of the Arizona Constitution enacted. The trend for Arizona voters has been to restrict the Legislature's ability to tinker with initiatives as was manifested in the voters' support of the 1998 Voter Protection Act. This came after the Legislature repeatedly tried to undercut voter approved measures like the Heritage Fund, something voters approved overwhelmingly, but that the Legislature has tried to undercut repeatedly.

The initiative and referendum process in some form is older than our country itself — it dates back to the 1600's when citizens in town meetings voted on ordinances and other issues. The authors of the Arizona Constitution knew that it was important to provide citizens with this right in order to provide a check on the legislative branch.

Please vote no on Proposition 101. Say no to the Legislature's power grab.

Kenneth P. Langton, Chairperson, Sierra Club – Grand Canyon Chapter, Tucson

Don Steuter, Conservation Chair, Sierra Club – Grand Canyon Chapter, Phoenix

Paid for by "Sierra Club – Grand Canyon Chapter"



The Arizona constitution provides two separate and equal ways of creating state law, by legislative vote and concurrence of the governor, or by vote of the people through the process of initiative and referendum. The legislature has often refused to address important issues, especially those that affect women, minorities, or working people. The voters have had to resolve many of these issues at the ballot box. Recent examples are increased classroom education funding and health care for the working poor. Many legislators are jealous of the power of the voters to make decisions that they don't agree with, especially if it involves spending money on frivolous things like education and healthcare.

The legislature's proposition, which requires all voter-approved measures that spend any money whatsoever to include their own special funding source other than the state's general fund, is a power play designed to reduce the power of the voters. It will result in more complex and confusing propositions; a hodgepodge of new or increased taxes or fees, with their own little pots of earmarked money and accounting systems; and an increasingly complex and unfair tax code.

This requirement extends to propositions that result only in small administrative costs or one-time expenditures. There is no lower limit. If you spend one dollar, you need a new tax. Interestingly, this requirement also applies to propositions placed on the ballot by the legislature itself.

Proposition 101 won't solve any problems and will create a host of new ones while reducing the constitutional rights of the people to govern themselves. The Arizona National Organization for Women (NOW) urges you to **vote No on 101**.

*Karen Van Hooft, State Coordinator, Policy/
Spokesperson, Arizona NOW, Scottsdale*

*Eric Ehst, State Coordinator, Political Action, Arizona
NOW, Phoenix*

Paid for by “Arizona NOW”

The Arizona League of Conservation Voters Education Fund opposes Proposition 101, which would limit citizens' constitutional rights to participate in government through the initiative process. An important part of the mission of the Education Fund is to encourage civic engagement, full participation in our democratic process, and to ensure access to the political system by citizens. Prop 101 places unnecessary restrictions on the public's ability to engage directly in policy making by initiative.

Since statehood, Arizona citizens have had the right to use the initiative and referendum processes as an additional form of checks and balances on government. When lawmakers are not responsive to the needs of citizens, the initiative and referendum processes provide a means of addressing those needs and forces government to act when political will is absent. Prop 101 requires that any program or measure passed by initiative must include a full, separate and new funding source for any expenses generated by the program, including any initial start-up costs, however minor. This would make it extremely difficult for citizens to pass any meaningful policy and could result in entirely new fees or taxes rather than reallocating existing revenues. Also, a program that addresses public needs may pass by initiative, but without any funding available to implement it, the citizens would be rendered powerless to affect any substantive change in policy.

The Legislature's repeated attempts to restrict the citizens' initiative process reflects a disturbing trend of increasing disconnection and antagonism between the people of Arizona and those elected to represent them. The response of the Legislature to budget constraints has been to attack citizens' rights to participate in the policy debate. This is inappropriate. Arizonans should reject this effort to restrict the constitutional rights of the people, and vote no on Prop 101.

*Jeff Williamson, President, Arizona League of
Conservation Voters Education Fund, Phoenix*

*Carolyn Campbell, Secretary, Arizona League of
Conservation Voters Education Fund, Tucson*

Paid for by “Arizona League of Conservation Voters Education Fund”

BALLOT FORMAT**PROPOSITION 101****PROPOSED AMENDMENT TO THE CONSTITUTION
BY THE LEGISLATURE****OFFICIAL TITLE**

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PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, CONSTITUTION OF ARIZONA, BY ADDING SECTION 23; RELATING TO INITIATIVE AND REFERENDUM MEASURES.

DESCRIPTIVE TITLE

INITIATIVE OR REFERENDUM MEASURE PROPOSING STATE REVENUE EXPENDITURE, ESTABLISHING A FUND OR ALLOCATING FUNDING MUST PROVIDE FOR INCREASED REVENUES TO COVER COSTS OF THE PROPOSAL; REVENUES CANNOT COME FROM OR REDUCE THE GENERAL FUND; LEGISLATURE MAY REDUCE EXPENDITURES IF SOURCE FUNDING FAILS TO FUND MANDATED EXPENDITURE IN THAT FISCAL YEAR.

PROPOSITION 101

A "yes" vote shall have the effect of providing that initiative or referendum measures that mandate an expenditure of state funds, establish a fund or allocate funding for any specific purpose, must also provide for increased revenues to cover the costs, which cannot come from the general fund, and permits the legislature to reduce the expenditures of state revenues to the amount of funding supplied by the identified revenue source.	YES <input type="checkbox"/>
A "no" vote shall have the effect of not requiring initiatives and referendums to include a dedicated funding source for required expenditures.	NO <input type="checkbox"/>